

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-15 EB-11 INT-08 OMB-01 NIC-01

COME-00 AID-20 SIL-01 LAB-06 OPIC-12 DRC-01 /187 W

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P 041940Z OCT 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 7306

C O N F I D E N T I A L SECTION 1 OF 2 LIMA 7350

EO 11652: GDS

TAGS: BDIS, EIND, EMIN, PFOR, PINT, PINS, PE

SUBJECT: VELASCO'S MEASURED SPEECH

1. SUMMARY: ON WEDNESDAY EVENING, MARKING A FIRTH ANNIVERSARY OF THE MILITARY COUP THAT BROUGHT HIM TO POWER, PRESIDENT VELASCO DELIVERED AN EIGHTY-MINUTE ADDRESS TO THE NATION. HIS SPEECH WAS CHARACTERISTICALLY DULL. BUT FROM THE U.S. POINT OF VIEW, VELASCO'S CAUTIOUS APPROACH TO THE CERRO PROBELM WAS HEARTENING. FROM THE STANDPOINT OF PERUVIAN INTERNAL POLITICS, THE DEFENSIVE, PERHAPS WORRIED TONE OF HIS SPEECH STOOD OUT. END SUMMARY.

2. VELASCO'S PHYSICAL ENDURANCE. WHILE THE EMBASSY KNOWS THAT VELASCO STILL SUFFERS DISCOMFORT AS A RESULT OF HIS LEG AMPUTATION, THE PRESIDENT STOOD THROUGHOUT THE ALMOST TWO-HOUR CEREMONY SUPPORTING HIMSELF AGAINST A TABLE. THERE WERE NO APPARENT TELLTALE SIGNS OF ILLNESS IN EITHER HIS DELIVERY OR FACIAL EXPRESSIONS. INDEED, VELASCO, A FORMER INVETERATE SMOKER, COUGHED LESS THAN BEFORE HIS ATTACK.

3. CERRO SPARED. TOWARD THE END OF HIS SPEECH,
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ACCUSING THE CERRO DE PASCO MINING COMPANY OF

INSOLENCE AND OF TRYING TO GOAD PERU INTO AN UNWISE ACTION (E.G., AN ABRUPT NATIONALIZATION), VELASCO SAID THAT PERU WOULD HANDLE THE CERRO PROBLEM "SAGACIOUSLY." (LAST WEEK, HE HAD SAID "IN REVOLUTIONARY FASHION" AND A MONTH EARLIER THREATENED A FORCIBLE TAKEOVER.) VELASCO LINKED CERRO WITH THE COUNTER-REVOLUTION AND SAID THE COMPANY WANTED TO SEE PERU SUFFER INTERNATIONAL DAMAGE. VELASCO STATED THAT PERU WOULD NOT PLAY CERRO'S GAME.

4. A NATIONAL, NON-MARXIST REVOLUTION. THE FIRST PART OF VELASCO'S SPEECH DEALT WITH THE ORIGINAL NATIONALISTIC GOALS OF THE REVOLUTION. HE REPEATED INSISTENTLY THAT PERU'S IDEAS WERE HOME-GROWN AND AN OUTGROWTH OF WESTERN CIVILIZATION. IN RESPONSE TO OFT-REPEATED ACCUSATIONS THAT HIS IDEAS WERE NOT ORIGINAL BUT SIMPLY A REHASH OF SOME FORM OF COMMUNISM, VELASCO SCORED HIS ENEMIES FOR SAYING HIS REVOLUTION WAS MARXIST. WITH CHILE IN MIND BUT UNNAMED, VELASCO SAID THAT SUCH ACCUSATIONS WERE A COUNTERREVOLUTIONARY TRICK INSPIRED BY RECENT EVENTS IN A NEIGHBORING COUNTRY.

5. SOCIAL PROPERTY. MUCH OF VELASCO'S TALK WAS A DEFENSE OF THE DRAFT SOCIAL PROPERTY LAW, WHICH HE SAID WOULD GIVE THE WORKERS A CHANCE TO FORM AND OWN THEIR OWN INTERPRISES. HE STRESSED THAT ALL WORKERS, WHETHER BLUE-COLLAR, TECHNICAL OR MANAGERIAL, STOOD TO BENEFIT (AN OBVIOUS RESPONSE TO CRITICISM THAT THE MIDDLE CLASS HAD NOTHING TO GAIN FROM THE REVOLUTION.) HE FURTHER ASSERTED THAT SOCIAL PROPERTY WAS NOT A THREAT TO THE REFORMED PRIVATE SECTOR, WHERE INDUSTRIAL COMMUNITIES SHARE PART OF A COMPANY'S PROFITS. VELASCO BLAMED CAPITALISTS AND COMMUNISTS (THE LATTER UNFAIRLY) OF OPPOSING HIS SOCIAL PROPERTY SCHEME. (IT SERVED VELASCO'S PURPOSES TO ADD THE COMMUNISTS IN ORDER TO DISASSOCIATE THE REVOLUTION FROM THEIR SUPPORT. NONETHELESS, THE PERUVIAN COMMUNIST PARTY AND PERUVIAN LEFTISTS IN GENERAL HAVE WELCOMED VELASCO'S REFORMS

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WHICH REDUCE PRIVATE INTERESTS AND THEREBY WESTERN INFLUENCE.)

6. LAND REFORM. STUNG ALSO BY CRITICISM OF LAND REFORM BY SMALL AND MEDIUM FARMERS (WHO HAVE SUFFERED AT THE HANDS OF OVER-ZEALOUS AGRARIAN REFORM OFFICIALS), VELASCO ASSERTED THAT LAND REFORM WAS IRREVERSIBLE. BUT HE UNDERLINED THAT IT WAS NOT

AIMED AT MODEST LANDHOLDINGS.

7. TOLERATING CRITICISM. UNDOUBTEDLY FED UP WITH OPPOSITION TO HIS POLICIES FUELED BY EVENTS IN CHILE, VELASCO WARNED COUNTERREVOLUTIONARIES (SIC) THAT HE COULD NO LONGER TOLERATE NEGATIVE OR DESTRUCTIVE CRITICISM. HE SAID THAT IN POLITICS IT WAS NOT POSSIBLE TO ABIDE BY LEGALISTIC RULES. HE CLAIMED THAT UP UNTIL NOW CRITICISM HAD BEEN ACCEPTED AND THAT THE REVOLUTION HAD NOT EXACTED A SOCIAL TOLL (POLITICAL OPPRESSION HAS BEEN MINIMAL). BUT HIS OPPONENTS' ACTIONS WERE NOT TREASONOUS AND SUBVERSIVE, VELASCO SAID. THE GOVERNMENT HAD THEREFORE TAKEN STEPS (E.G., DEPORTED SIX OPPONENTS; LIMA 7249) AND, IF

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P 041940Z OCT 73

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TO SECSTATE WASHDC PRIORITY 7307

C O N F I D E N T I A L SECTION 2 OF 2 LIMA 7350

NEED BE, EVEN MORE DRASTIC MEASURES WOULD FOLLOW. HE SAID THAT THIS WAS HIS FINAL WARNING TO OPPONENTS WHO HAD BETTER CEASE THEIR CRITICISMS OR ELSE.

8. COMMENT: MANY THOUGHT THAT VELASCO WOULD ANNOUNCE A TAKEOVER OF CERRO DE PASCO AFTER THE COMPANY'S UNEXPECTED, PROVOCATIVE ACCUSATIONS AGAINST THE GOP. HOWEVER, THE MILITARY GOVERNMENT APPARENTLY CONCLUDED THAT CERRO WAS TRYING TO PROVOKE A HASTY AND ILL-

THOUGHT OUT NATIONALIZATION. SUCH A NATIONALIZATION, THE GOP MAY REASON, WOULD SPOIL ONGOING U.S.-PERUVIAN EFFORTS TO RESOLVE INVESTMENT DISPUTES AS WELL AS DAMAGE PERU'S CHANCES OF A NEW FOREIGN ASSISTANCE AND INVESTMENT. VELASCO'S ASSERTION THAT HE WOULD NOT PLAY CERRO'S GAME PERHAPS REFLECTED A GRUDGING BUT REALISTIC DECISION TO APPROACH THE CERRO PROBLEM CAREFULLY.

VELASCO'S SPEECH WAS ALSO LACED WITH DEFENSIVE REFERENCES TO CRITICISM FROM THE RIGHT ABOUT PERU'S RENEGING ITS WESTERN HERITAGE, THREATS TO PRIVATE PROPERTY, AND LIST POLITICAL LIBERTIES (THERE WAS NO MENTION OF INCLUDING CIVILIANS IN THE CABINET OR OF EVENTUAL ELECTIONS). VELASCO'S ADDRESS SOUGHT TO REASSURE MODERATES (BY

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SAYING THE REVOLUTION WAS NOT MARXIST AND THAT SMALL FARMS ARE NOT ENDANGERED) WHILE WARNING OUTSPOKEN CRITICS THAT THEY WOULD BE DEALT WITH FIRMLY.

IN SUM, VELASCO'S SPEECH CONFIRMED THE EMBASSY'S REPORT (LIMA 7065) THAT THE MILITARY GOVERNMENT IS ACTING CAUTIOUSLY BUT HAS BY NO MEANS GIVEN UP ITS NATIONALISTIC COURSE NOR IS READY TO SUFFER MUCH RIGHTIST OR EXTREME LEFTIST CRITICISM OF ITS REFORMS.

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